

Internal Revenue Service

Department of the Treasury

District  
Director

Date: FEB 02 1988  
Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax-exempt status under section 501(c)(3) of the Internal Revenue Code.

The evidence presented disclosed that the organization was incorporated on [REDACTED] in [REDACTED].

The purposes for which the corporation was formed are as follows:

"To encourage the propagation of wild life and contribute through its efforts to the stocking of streams and forests, to encourage organized rifle, pistol and shotgun shooting amongst citizens of the United States, resident in our community with a view towards a better knowledge on the part of such citizens of the safe handling and proper care of firearms, as well as improved marksmanship, and also to forward the development of those characteristics of honesty, good fellowship, self-discipline, team play and self-reliance which are the essentials of good sportsmanship and the foundation of true patriotism, and in this connection to acquire or lease real estate."

The information submitted with the Form 1023 application indicates that the corporation's primary activity consists of making an archery range, rifle range, and fishing facilities available to the members. The corporation sponsors contests and participates in competition with other organizations, both local and statewide. It conducts roast beef suppers, flea market rummage sales and raffle drawings.

Section 501(c)(3) of the Code provides, in part, for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, religious, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to qualify under IRC 501(c)(3), an organization must be both "organized" and "operated" exclusively for one or more purposes specified in that section. If the organization fails to meet either the organizational test or the operational test, it is not exempt. (Regs. 1.501(c)(3)-1(a)(1)). The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that if more than an insubstantial part of an organization's activities is not in furtherance of exempt purposes, the organization will not be regarded as exempt.

In Better Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under Section 501(c)(3) of the Code, regardless of the manner or importance of the truly exempt purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides, in part, that an organization is not organized or operated exclusively for one or more of the purposes mentioned in section 501(c)(3) of the Code unless it serves a public rather than a private interest. An organization may not be exempt if it is operated for the benefit of private individuals.

Section 1.501(c)(3)-1(d)(2) of the Regulations provides that the term "charitable" includes relief of the poor and distressed, advancement of education and science and the promotion of social welfare designed to accomplish any of the above purposes.

Section 1.501(c)(3)-1(d)(3) of the Regulations provides, in part, that the term "educational" relates to the instruction of the public on subjects useful to the individual and beneficial to the community. Museums and schools are included in the examples of educational organizations which, if they otherwise meet the requirements of section 501(c)(3) of the Code, may qualify under this section.

Revenue Ruling 67-139, 1967-1 C.B. 129 held that depending upon its form of organization and method of operation a gem and mineral club may qualify for exemption from Federal income tax as an educational organization under section 501(c)(3) of the Code. The club was formed to advance the earth sciences by stimulating interest and encouraging study therein. In carrying out its purposes, the club holds monthly lectures, sponsors field trips, issues a bulletin containing educational material, maintains a library of reference materials assists the local museum and annually conducts a show for the general public. The general public is invited to attend all club functions and participates in its programs on substantially the same basis as members.

Unlike the Club in Revenue Ruling 67-139, [REDACTED] fails to pass the organizational test and the operational test in that it is not organized and operated exclusively for educational purposes or any other purposes specified in section 501(c)(3). The evidence submitted indicates it is operating like a social club for the benefit of members.

In order for an organization to qualify as one described in section 501(c)(3) of the Code, its governing instrument must contain certain provisions. Your organizational document does not meet the organizational test of section 501(c)(3). Regulations 1.501(c)(3)-1(a)(1) require that the organizational purposes be specified in the articles and that the purposes specified be one or more of the purposes set out in I.R.C. 501(c)(3).

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(3) of the Code and propose to deny your request for exemption under that section.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

A large black rectangular redaction box covering the signature of the District Director.

District Director

Enclosure: Publication 892

Internal Revenue Service

Department of the Treasury

District  
Director

Date: FEB 13 1965

Person to Contact:

Contact Telephone Number:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for tax exempt status under section 501(c)(7) of the Internal Revenue Code of 1954.

The evidence presented reveals that you were incorporated under Chapter , if the General Laws of .

The purposes for which the corporation is formed are as follows according to your creating document:

"To encourage the propagation of wild life and contribute through its efforts to the stocking of streams and forests, to encourage organized rifle, pistol and shot gun shooting amongst citizens of the United States resident in our community with a view towards a better knowledge on the part of such citizens of the safe handling and proper care of firearms, as well as improved marksmanship, and also to forward the development of those characteristics of honesty, good fellowship, self-discipline, team play and self-reliance which are the essentials of good sportsmanship and the foundation of true patriotism, and in this connection to acquire or lease real estate;"

According to Application 1024 Submitted, your organization has its own facilities including an archery range, rifle range, fishing facilities and clubhouse building. Club members as well as nonmembers rent the club for a family outing or get together and thus you derive income from nonmembers from these activities. In addition, you sponsor contests in archery, rifle shooting and fishing and participates with other similar organizations, both local and state-wide.

Section 501(c)(7) of the code provides clubs organized and operated for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder tax exempt status.

Section 1.501(c)(1)-(1a) of the Income Tax Regulations states in part that this exemption extends to social and recreation clubs which are supported solely by membership fees, dues, and assessments. However, a club otherwise entitled to exemption will not be disqualified because it raises revenue from members through the use of club facilities or in connection with club activities.

Public Law 94-568 provides certain limitations on nonmember income and investment income social clubs may receive without jeopardizing its exempt status. Public Law 94-568 states that it is intended that social clubs be permitted to receive up to 35 percent of their gross receipts, including investment income, from sources outside their membership without losing their exemption. Within this 35 percent amount not more than 15 percent of the gross receipts should be derived from the general public. Thus, a social club may receive investment income up to the full 35 percent amount of gross receipts. If a club receives unusual amounts of income, such as from the sale of its clubhouse or similar facility, that income is not to be included in the 35 percent formula; that is, unusual income is not to be included in the gross receipts of the club.

A review of the financial information submitted indicates that you received the following amounts from nonmember income:

██████████	\$██████████
██████████	\$██████████
██████████	\$██████████
██████████	\$██████████
Total	\$██████████

In addition, you received rental income from nonmember sources for the years ██████████ totaling \$██████████. Therefore, for the years ██████████ you received a total of \$██████████ from nonmember sources or ██████████% of total receipts from nonmembers.

Since you have exceeded the 15% guideline for gross receipts from the general public as stated in Public Law 94-568 for this four year period, you fail to qualify as a social club exempt from Federal income tax under section 501(c)(7) of the Code.

We have also considered your application for exemption under section 501(c)(4) of the Internal Revenue Code.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

An organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements. See section 1.501(c)(4)-1 of the Income Tax Regulations.

Section 1.501(c)(4)-1(a)(2)(ii) of the Regulations states in part that an organization is not operated primarily for the promotion of social welfare if its primary activity is operating a social club for the benefit of its members, or is carrying on a business with the general public in a manner similar to organizations which are operated for profit.

Revenue Ruling 66-273 describes an organization providing the community with facilities for rifle, pistol and shotgun practice and instruction in the safe handling and proper care of weapons. The organization's principal activity is the operation of a rifle and pistol target range. The general public is permitted full use of the range where qualified members of the organization conduct classes in safe gun handling and supervise the firing on the ranges. The only cost to persons participating in the activities is a nominal fee to cover the cost of ammunition and targets. The facilities are also free of charge to units of the armed forces in conducting training courses, to local law enforcement officers and to junior rifle organizations.

In addition, the organization did not maintain a clubhouse and its social activities were not substantial in nature, but primarily engaged in social welfare activities. The organization described in Revenue Ruling 66-273 qualified for exemption under section 501(c)(4) of the Code.

Based on the information presented with your application Form 1024, it appears that your archery range, rifle range and fishing facilities are primarily available to members only. In addition, your organization's social activities for both members and non-members appear to be substantial enough to disqualify you from qualification for exemption under Section 501(c)(4) of the Code, since you are not primarily engaged in social welfare activities.

Since your organization is considerably distinguishable from the organization described in Revenue Ruling 66-273, we have determined that you do not qualify for exemption under section 501(c)(4) of the Code.

Accordingly, we conclude that you are not operated exclusively for purposes described in section 501(c)(7) of the Code, nor are you operated exclusively for purposes described in section 501(c)(4) of the Internal Revenue Code. Therefore, you do not qualify for exemption from Federal income tax under sections 501(c)(7) or 501(c)(4) of the Internal Revenue Code.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY. 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Very truly yours,

/s/ [REDACTED]

District Director

Enclosure: Pub. 892